

UNITED STATES DISTRICT COURT	CENTRAL DISTRICT OF CALIFORNIA
UNITED STATES OF AMERICA v. OSVALDO CONDE	DOCKET NO. MAGISTRATE'S CASE NO. 12-1490M 012-

Complaint for violation of Title 18, United States Code, section 666(a)(1)(B)

NAME OF MAGISTRATE JUDGE THE HONORABLE JOHN E. McDERMOTT	UNITED STATES MAGISTRATE JUDGE	LOCATION Los Angeles, CA FILED CLERK, U.S. DISTRICT COURT JUN 21 2012 CENTRAL DISTRICT OF CALIFORNIA BY DEPUTY
DATE OF OFFENSE February 28, 2012	PLACE OF OFFENSE Los Angeles County	ADDRESS OF ACCUSED (IF KNOWN)

COMPLAINANT'S STATEMENT OF FACTS CONSTITUTING THE OFFENSE VIOLATION:

On or about February 28, 2012, in Los Angeles County, within the Central District of California, and elsewhere, defendant OSVALDO CONDE corruptly solicited, demanded, accepted, and agreed to accept cash bribery payments from a Confidential Informant, intending to be influenced and rewarded in connection with the business, a transaction, or a series of transactions of the City of Cudahy, involving a thing of value of \$5,000 or more, namely, payments totaling \$7,000 in United States currency, in violation of Title 18, United States Code, section 666(a)(1)(B).

BASIS OF COMPLAINANT'S CHARGE AGAINST THE ACCUSED:

(See attached affidavit which is incorporated as part of this Complaint)

MATERIAL WITNESSES IN RELATION TO THIS CHARGE:

Being duly sworn, I declare that the foregoing is true and correct to the best of my knowledge.

SIGNATURE OF COMPLAINANT

ROMAN J. GARCIA

OFFICIAL TITLE

Special Agent - Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,

SIGNATURE OF MAGISTRATE JUDGE(1)

TO BE ~~JOHN E. McDERMOTT~~

DATE

June 21, 2012

See Federal Rules of Criminal Procedure rules 3 and 54.

JOSEPH N. AKROTIRIANAKIS, Assistant United States Attorney REC: Detention

A F F I D A V I T

I, Roman J. Garcia, being duly sworn, hereby declare and state:

1. I am a Special Agent ("SA") of the Federal Bureau of Investigation ("FBI"), and I have been so employed since January 8, 2006. I graduated from the FBI's academy in Quantico, Virginia, in May 2006. In my present assignment, I investigate violations of federal criminal law, including corruption offenses by state and local government officials. I have been the principal case agent in several investigations of public corruption offenses. These investigations have involved diverse investigative techniques, including the making of consensual recordings and the use of confidential informants. I am fluent in the Spanish language. I lived in Mexico for two years as an adult and spoke Spanish as a principal language. I regularly speak Spanish in connection with my duties as an FBI agent, and I have received FBI certification of my proficiency in Spanish.

SUMMARY

2. This affidavit is made in support of criminal complaints against OSVALDO CONDE ("CONDE"), DAVID SILVA ("SILVA"), and ANGEL PERALES ("PERALES"). As described herein, CONDE, SILVA, and PERALES, corruptly solicited, demanded, accepted, and agreed to accept monetary bribe payments in connection with their duties as public officials in the City of Cudahy, California, in violation of Title 18, United States Code,

Section 666. On the afternoon of February 28, 2012, following weeks of bribe solicitations and related discussions, made during recorded meetings and telephone calls, CONDE, SILVA, and PERALES met an FBI confidential informant at the El Potrero nightclub in Cudahy, California. The three Cudahy city officials accepted a total of \$15,000 cash as bribe payments. Later that evening, CONDE met the confidential informant to receive an additional \$2,000 cash as a bribe.

PURPOSE OF AFFIDAVIT

3. This affidavit is intended only to establish probable cause to support criminal complaints against the defendants for the offenses described in the complaints. It does not purport to include all known information concerning this investigation, all criminal offenses committed by the defendants, or all corruption in which the defendants have engaged. Conversations referenced herein are related in part and, except where quotation marks are used or direct quotation is otherwise indicated, in substance only. Monetary figures and calculations set forth herein are approximations unless otherwise expressly stated.

BASIS FOR AVERMENTS

4. The facts set forth in this affidavit are based upon my own personal observations and my training and experience, as well as my review of information obtained during this investigation from other sources, including: (a) statements made or reported by various witnesses with personal knowledge of relevant facts; (b)

statements made or reported by confidential informants; (c) recordings of conversations to which one or more defendants was a party; (d) documents and records received by the FBI; and (e) summaries and analyses, prepared by others, of documents and records.

TITLE 18, UNITED STATES CODE, SECTION 666

5. Title 18, United States Code, Section 666 provides, in relevant part, as follows:

(a) Whoever, if the circumstance described in subsection (b) of this section exists -

(1) . . . being an agent of an organization, or of a State, local, or Indian tribal government, or any agency thereof -

. . . .
(B) corruptly solicits or demands for the benefit of any person, or accepts or agrees to accept, anything of value from any person, intending to be influenced or rewarded in connection with any business, transaction, or series of transactions of such organization, government, or agency involving any thing of value of \$5,000 or more . . . [and]

(b) . . . the organization, government, or agency receives, in any one year period, in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance or other

form of Federal assistance, . . . shall be fined under this title, imprisoned not more than 10 years, or both.

FACTS CONCERNING THE CITY OF CUDAHY, CALIFORNIA

6. During the investigation described in this affidavit, I visited the City of Cudahy, California, on many occasions, and I know Cudahy to be within Los Angeles County and the Central District of California. I have reviewed a map of the city of Cudahy, and I know that it lies between Florence Avenue to the North and Independence Avenue to the South, and Salt Lake Avenue to the West and Interstate 710 to the East.

7. On June 16, 2012, I reviewed the City of Cudahy's Internet website, www.cudahy.ca.us. Based on my review of the City of Cudahy's website, I learned:

a. Michael Cudahy was born in Ireland in 1841 and emigrated to the United States in 1849. He worked in the meat packing industry and established the Armour-Cudahy meat packing plant in Omaha, Nebraska. In 1908, Cudahy sold his share of the company and bought a 2,777 acre (11 km²) ranch east of Los Angeles. Cudahy subdivided his ranch into one acre lots and sold them. In 1960, this area was incorporated as the City of Cudahy.

b. The City of Cudahy is comprised of 1.1 square miles of land area and has 25,870 inhabitants. Of the 5,419 residences in Cudahy, 941 (17.4%) are owner-occupied; 4,478 (82.6%) are occupied by renters. Cudahy's residents are 94% Latino and have a median income of \$29,040. Seventeen percent of

the city's population graduated high school and only ten percent received any college education. (According to 2010 U.S. Census Bureau data I have reviewed on the Internet, 3.4 percent of Cudahy residents have attained an educational level of "bachelor's degree or higher.")

8. According to the "City Officials" section of www.cudahy.ca.us, "[t]he City of Cudahy uses the Council-Manager form of government," in which "the City Council, as the elected body, adopts legislation, sets policy, adjudicates issues and establishes the budget of the City." Within this system:

a. "The City Council is comprised of the Mayor, the Vice Mayor and three City Council members who are elected at large by registered voters of the City."

b. "Councilmembers and the Mayor are directly accountable to the electorate and must constantly balance the views of individuals and groups with the needs of the entire community."

c. "As the legislative body of the city, the City Council usually meets once every month to exercise general and specific powers delegated by state statute."

d. "The City Manager is charged with the duty of implementing City Council policy and laws as the administering head of the government."

9. According to the "City Officials" section of www.cudahy.ca.us:

a. SILVA is the Mayor of Cudahy. (A copy of the "Mayor's Office" page within the "City Officials" section of www.cudahy.ca.us is attached hereto as Exhibit A.)

b. CONDE is a member of the Cudahy City Council.. (A copy of the "City Council" page within the "City Officials" section of www.cudahy.ca.us is attached hereto as Exhibit B.)

c. The offices of Mayor and Vice Mayor periodically change among the members of the Cudahy City Council. Based on my review of City of Cudahy records available within the "Public Meetings" section of www.cudahy.ca.us, I know that from at least January 2012 through March 2012, the Mayor of Cudahy was current City Council member Josue Barrios, CONDE was Vice Mayor of Cudahy, and SILVA was a member of the Cudahy City Council. In April 2012, SILVA was elevated to Mayor, and City Council member Frank Gurule became the Vice Mayor of Cudahy; CONDE and Barrios became members of the City Council, together with Juan Romo.

10. According to the "Community Services" page of the "Departments" section of www.cudahy.ca.us, the "City of Cudahy Community Services Department covers a wide range of responsibilities including code enforcement, Volunteers on Patrol department maintenance and more." The Code Enforcement Division of the Cudahy Community Services Department "enforces a broad range of public health and safety regulations including housing, zoning, health, environmental, public nuisance, and other safety codes that are designed to maintain a healthy, safe and clean

environment, carry out land use policy, and preserve the quality of life standards that residents and businesses enjoy in our community." PERALES is the head of the Cudahy Community Services Department Code Enforcement Division. According to the "Parks and Recreation" page of the "Departments" section of www.cudahy.ca.us, PERALES is also the head of the Cudahy Parks and Recreation Department.

11. Other than those set forth in paragraphs 9 and 10, above, the only city officials described on www.cudahy.ca.us are City Attorney Rick Olivares, City Clerk Angela Bustamante, City Manager Hector Rodriguez, Director of Community Development Saul Bolivar, and Building Inspector Vincent Altuna.

FACTS CONCERNING FEDERAL JURISDICTION

12. The Internet website www.recovery.gov indicates that it "is the U.S. government's official website that provides easy access to data related to" the American Recovery and Reinvestment Act of 2009 ("ARRA"). The website provides:

a. "On Feb. 13, 2009, Congress passed the [ARRA] at the urging of President Barack Obama, who signed it into law four days later."

b. A "direct response to the economic crisis, the [ARRA]" was intended to "[c]reate new jobs and save existing ones," "[s]pur economic activity and invest in long-term growth," and "[f]oster unprecedented levels of accountability and transparency in government spending."

c. The goals were to be achieved by "providing \$787 billion" (later increased to "\$840 billion") in, among other things, "[f]unding for federal contracts, grants and loans."

13. I have reviewed the Internet website of the California Department of Transportation ("CalTrans"), www.dot.ca.gov. According to CalTrans' website, the ARRA provided "more than \$48 billion for transportation. California was apportioned "approximately \$2.57 billion for highways, local streets and roads, freight and passenger rail, and port infrastructure projects, and \$1.07 billion for transit projects."

14. In connection with this investigation, I have spoken with and reviewed records received from the Investigations Chief of the Audits and Investigations division of CalTrans concerning the disbursement of ARRA funds to the City of Cudahy through CalTrans. Based on my review of CalTrans records and my conversations with the Investigations Chief, I know that, June 2009, the City of Cudahy requested federal funding for a "Street Rehabilitation" project on Live Oak Street, from Wilcox Avenue to Salt Lake Avenue, in Cudahy, California. Copies of records reflecting the City of Cudahy's request for federal funds are attached as Exhibit C.)

15. According to www.recovery.gov, on June 24, 2009, the City of Cudahy received an ARRA highway infrastructure investment grant in the amount of \$663,000 for "Asphalt Concrete Overlay and other improvements to "Live Oak Street from Wilcox Ave to Salt

Lake Ave."

16. According to a Vendor Transaction History report received from CalTrans, the final disbursement of the \$663,000 in ARRA funds to the City of Cudahy was a \$156,219.74 disbursement on August 2, 2011. (A copy of CalTrans' Vendor Transaction History report for the City of Cudahy is attached hereto as Exhibit D.)

THE BRIBERY SCHEME

17. According to FBI confidential source reports I have reviewed, in late 2011, a CI, who was then operating a marijuana dispensary in a small city in southeast Los Angeles County, informed FBI agents that PERALES wanted to discuss the CI moving his dispensary business to the City of Cudahy.¹ The CI's source of this information was Edgar Coronado ("Coronado"), the City of Cudahy's code enforcement prosecutor. The CI also related that Coronado said he had given the CI's telephone number to PERALES.²

¹ The CI related that a high-ranking official in the city where the CI's dispensary was located had solicited bribery payments from the CI, and that the CI had paid more than \$10,000 in bribes to that official over the course of several months. After the CI reported the bribery scheme to the FBI and became an informant, the CI received a notice from the city requiring him to close his marijuana dispensary. The FBI instructed the CI to sever all ties with his marijuana dispensary by mid-March 2012. The CI informed FBI agents that he had sold his marijuana dispensary. I am informed that the CI was present at the marijuana on or about May 14, 2012, when the dispensary when city officials performed an examination at the dispensary.

² Based on my familiarity with this investigation, I know that Coronado's position as Cudahy City Prosecutor is a part-time contract position. According to the State Bar of California's

At that time the City of Cudahy had a moratorium on the permitting of marijuana dispensaries, but the moratorium was set to expire in March 2012.

JANUARY 18, 2012, MEETING IN MONTEBELLO, CALIFORNIA

18. On the evening of January 18, 2012, the CI met with Coronado and PERALES, the head of the Code Enforcement Division of the Cudahy Community Services Department, at the Antigua Latin Bistro in Montebello, California. The meeting was surveilled by agents, including myself, who were positioned inside the restaurant, and it was audio recorded. The meeting was conducted in both the English and Spanish languages, and I have reviewed a recording of the meeting. In the excerpts of the recording transcribed below, words spoken in the Spanish language appear in *italics*. The bracketed language is my interpretation of the conversation.

19. Prior to PERALES' arrival, Coronado and the CI discussed, among other things, the CI's marijuana dispensary business and potential business ideas. Coronado and the CI also discussed expanding the CI's marijuana dispensary business to Cudahy. PERALES arrived with Margarita Garcia, who during the conversation indicated that she operates a restaurant in Cudahy. Thereafter, Coronado discussed his law practice, including his position as the code enforcement prosecutor for the City of

website, Coronado's law office is in Los Angeles.

Cudahy. The conversation then turned to politics in the City of Cudahy.

Coronado: It's true I mean we, we deal with this all the time. In fact, when I was being reappointed with my position [as Cudahy City Prosecutor]. There was a political move against me. Thanks to Angel, I mean that kind of got blocked. You know, because no matter what you do with a politician, they only think at the moment. They don't think of what you did in the past or what you can do in the future. It's like right then and there, and Angel kind of makes sure that things happen the way that is benefitting not only, us, but it's, uh, you know it's a mutual situation where it benefits everybody. And that's the name of the game.

PERALES: Yup.

Coronado: <unint> Um, one thing that, uh --

CI: And I tell you, excuse me to interrupt, but I think that's one thing that intrigues me about you. You do have a lot of pull. And I see that. You do have, um, you know how to manipulate, um, you know, and that's

good.

PERALES: I do need to, tell them how it is.

CI: Yeah. That's just how it is.

PERALES: They don't, they know.

CI: Yeah.

Coronado: But Angel's one thing that, you know, straight up, well I've known Angel, what, about eight years? When you were the -- were you Muni Officer for <unint>?

PERALES: Yeah.

Coronado: OK, he was a Muni Officer. The only one the guy who was wearing the uniform 'cause everyone else was in -- <o/v³>

PERALES: Yeah.

Coronado: -- in regular clothing with the badge. And we started off that way and Angel, all the other guys left and Angel was like the only one behind. So he just took a stop. You know and then there was a power vacuum which is when George [former Cudahy City Manager George Perez⁴] left. After George

³ References to "o/v" refer to overlapping voices in a recording.

⁴ Based on my familiarity with this investigation, I know that George Perez was Cudahy City Manager until late March 2011, when he was terminated after approximately eleven years.

left there was, you know, a need for somebody to take over the <unint> what was going on. So he, he knows what's going on.

CI: Yeah, yeah.

Coronado: Definitely knows the politics --

PERALES: I play the game. Like -- <o/v>

CI: And what's the secret of the game? Just listen and don't say anything?

PERALES: Listen and, if, if you know it's gonna affect them, just say it. Tell them how it is. And if you want to do it, you step back and let them fall on their face.

CI: Oh, wow.

PERALES: And then you say, "I told you so."

CI: I told you so. Wow, yeah.

PERALES: Well because, uh, when George was there. I to-, I told council, "If, um, you don't do anything about it, guess who's gonna be, who are they going to come knocking on the door? Not, not George's door." They're going to be coming in, and George was, didn't matter. I told -- <o/v>

CI: Now, George, is that, is that, is that Conde? Or -- <o/v>

PERALES: No that, that's Perez.

CI: Oh. Yeah cause I, I only know the last names, I -- <o/v>

PERALES: Yeah.

CI: -- don't know first name and the, OK, OK.

PERALES: I go, "When the, when the media comes knocking on the door, they're not gonna come and, not on George's door. You're, you're his boss."

CI: Oh, I see. The Mayor, that's right.

PERALES: "They're gonna come, looking at -- you. They're gonna come looking for you. And guess what. One, two, three, four, five [Cudahy City Councilmembers] are gonna fall --"

CI: Geez!

PERALES: "-- because all of you guys did, did, didn't want to do anything."

CI: Right. That's true.

20. PERALES, Coronado, and the CI then discussed the City of Cudahy's moratorium and the CI's interest in opening a marijuana dispensary in Cudahy. PERALES indicated that CONDE wanted to limit to one or two the number of marijuana dispensaries permitted to operate in Cudahy. PERALES stated that permission to open a marijuana dispensary in Cudahy would be given to people he recommended to the City Council.

Coronado: Um, one of the reasons that we're here too. Besides obviously, you know, enjoying the new year together. Um, you know [CI's first name] is, you know, expressing interest in Cudahy. Uh; as far as like, expense report. You know? How realistic is that for us -- <0/v>

PERALES: Does he -- it's funny you mention it. This morning we had a meeting regarding that.

CI: Oh, is that right? Wow.

PERALES: Uh, they asked me how long did you put the, the, mor-, moratorium [on marijuana dispensaries in Cudahy].

CI: Yeah, moratorium. Which you told them was March.

PERALES: It was, yeah. I would say it was, um, ninety days. And then we, we came back and extended it for another nine months. That way, then August, and uh, so, they're, they were talking about getting, uh, strict, uh, uh, ordinance, for, for, for, you guys.

Coronado: <unint>.

PERALES: Yeah, so, and there -- <0/v>

CI: No, does that mean that there's a possibility then [of CI opening a marijuana

dispensary in Cudahy]?

PERALES: Let me, let me, let, let me get there.

CI: Oh, I'm sorry I was -- <o/v>

PERALES: Let me get there.

<Unrelated conversation omitted.>

PERALES: So, anyway, he [CONDE], he wants to, uh, be able to, uh, bring one to two [marijuana dispensaries], for the city.

CI: One to two.

PERALES: Yeah. Meaning, because it's, uh, one point [sic] square miles.

CI: Uh-huh.

PERALES: He doesn't want to set your rate at a --
<o/v>

CI: Exactly.

PERALES: He doesn't want the contribution, but what he wants. And who he has in mind. Is not going to go. It's who, uh, I bring to the people.

CI: I'm sorry, I couldn't hear you.

PERALES: It's who I bring to the people.

CI: Oh, I gotcha.

PERALES: And those three votes are my people. So --
<o/v>

Coronado: Put it this way. I think, um, while, all

kidding aside --

CI: Yes. Well I'm not -- <o/v>

Coronado: No, I know you're not. But I mean all kidding aside on my part, I'm going to get really serious. Um, I've dealt with [CI's first name] now for uh, over s-, six years. Maybe seven years that we've known each other. Now, um, I've seen how he runs the dispensary. I've seen how he -- <o/v>

CI: Well, I think Angel has seen it already.

Coronado: Yeah, and only that I've seen how he can make things work.

<Unrelated conversation omitted; Garcia leaves table.>

Coronado: Yeah, OK. Two and a half. We want that. We want that. OK, we want to be one of those -- one or two [marijuana dispensaries].

CI: OK, well let me ask you something.

PERALES: We want, we only want one [marijuana dispensary in Cudahy].

CI: Yeah, just -- <o/v>

Coronado: We want one -- <o/v>

CI: Yeah, but, how do I make sure that I will get it?

Coronado: <unint>

CI: I mean, just, straight up.

21. PERALES and Coronado then informed the CI that to "make sure" he would be permitted to open a marijuana dispensary in Cudahy would be to offer bribes of between \$5,000 and \$10,000 to Cudahy city officials. Coronado advised the CI that payments should be made on a "cash only" basis.

PERALES: Straight up? I need, I need to, uh, get these guys, you know. They're not gonna -- they're not gonna, they're, "Hey, I want this."

CI: Mm-hmm.

PERALES: It's like uh, I got a <unint> um -- you haven't learned. He's my, he, he's my friend.

CI: Right.

PERALES: <unint>.

CI: Oh, you told me.

PERALES: Uh, the developer, like I'm bringing.

CI: Oh, the developer.

PERALES: Yeah.

CI: Oh, OK.

PERALES: I took him to lunch.

CI: Mm-hmm.

PERALES: Well, I took us out to lunch. OK? And he

goes, "Hey, I'm getting serious about this.

This is how serious I am. Boom!"

CI: OK.

PERALES: Then, so then, they, they say, "OK, fuck it." You know, you, we already got a, we-, well, I got a match. And every meeting we had. See, the progress how we're doing in law?

CI: Mm-hmm.

PERALES: Here.

CI: OK.

PERALES: So there's no way for them to back out.

CI: My concern is the Council and the Mayor, I mean will they be OK with whatever decision the --

PERALES: No. The Mayor [Josue Barrios] doesn't got, is worth a shit.

CI: OK, the Mayor's worth shit. OK.

PERALES: It's a, it's a three, it's a three-vote council.

CI: OK. Who will be the strongest to -- <o/v>

PERALES: Conde, Silva, and uh, Frank Gurule.

Coronado: And let me tell you something. Um -- <o/v>

CI: Conde, Silva -- <o/v>

Coronado: They're, they're running, they're running

for reelection and, just between you and I

--

CI: All three of them?

Coronado: -- they're running, but they want some donations.

CI: OK.

Coronado: Let's just put it out there for what it is: They want some money. Now we have to be careful with the money, but, what you have to make is really assuring to them that money will be coming in their direction.

PERALES: Right.

CI: OK, how do I do that?

PERALES: But, but -- <o/v>

CI: OK.

PERALES: OK. But, uh, both council member's --

CI: Mm-hmm.

PERALES: -- they're, see, I, I know, I know what manipulate, what manipulates them. I know what they shake, how, how to shake them.

CI: Mm-hmm.

PERALES: OK? Um, these guys, don't work.

CI: Don't work?

Coronado: They don't have any money.

CI: OK.

Coronado: Yeah, they don't have any outside income.

PERALES: Right. So --

WAITER: She's still here?

PERALES: Yes [to waiter]. So what, what, what do you think is gonna motivate them when you meet with them?

CI: Uh -- <0/v>

PERALES: We're meeting tomorrow -- <0/v>

CI: OK.

PERALES: -- with the developers. Um, and um -- one of the Council members came to see me at, um, at six. "Angel we're meeting with uh, so and so." I go, "Yeah I know, I know." You know? I was supposed to go Sacramento by the way, but they made up, they, uh, made up my, my, uh, my fuckin' schedule already. So I can't go. So, they're going, "Can, can you talk to, his name is Al. Can you talk to Al?" I acted stupid, and I'm like, "For what?" "Oh, you know, to, to uh, to give him something -- <0/v>

CI: Right.

PERALES: -- to give something." "Alright, no problem."

CI: OK, OK.

Coronado: I would do this. I would do this. I suggest the both of you have separate meetings. Talk about the logistics of, setting time to strike. And be frank. I mean this is not, as between you two, they should be <unint>, it isn't gonna take. It's in his [the CI's] best interest to do it, it's in Angel's best interest that you're there, because we were talking about this. The big, the big real effect --

CI: Mm-hmm.

Coronado: -- of the redevelopment money flying out, is that they're not gonna get development money.

PERALES: Oh, no?

Coronado: OK? Now they may be able to get it because they're able to, they book the products, but still it's not going to be as it was once. So where are they going to get the money out of? They're going to get it from dispensaries; they're going to be on strip bars. If they cover it. They want, and they only want to be with a cash-only basis.

CI: Angel, how much do you think I'm looking

at, just to have an idea?

PERALES: Have an idea. To have it sec-, secure?

CI: Yeah.

PERALES: Between five and, and, uh, ten [thousand dollars].

CI: Oh, OK.

PERALES: No questions asked.

CI: No questions asked, OK.

Coronado: I can tell you this much: It'll happen.

CI: Five to ten, right? OK.

PERALES: Yeah.

CI: Like do you think each? Or just -- <o/v>

PERALES: Um, I want, I want to say, I want to say, 'cause go with, let's start with five [thousand dollars for each of CONDE and SILVA].

CI: With five, OK, yeah.

PERALES: To, to, debatable. We can.

CI: OK.

Coronado: Now, now when we talk about that sum of money. Are we talking about, um -- <o/v>

CI: I mean do you want to talk about business right now [in front of Garcia]? Is that OK?

PERALES: Oh yeah. I trust her, I wouldn't- I

wouldn't even be asking I just wanted her
to come.

CI: To join, OK.

Coronado: And I think this is <unint>.

CI: Alright, I'm sorry, I just wanted to
mention.

Coronado: I think it's gonna be one of those issues
that is going to be, there's gotta be a
level of trust here.

CI: Mm-hmm.

Coronado: That's got to be cultivated. And I think
it's going to be a good resource allocation
for both of you. And it's gonna be things
that you guys can even turn back to say --
<o/v>

CI: OK.

Coronado: -- you know, and, and, and seek some sort
of mutual understanding between each other
and how besides, beyond what we just
discussed is going to be a problem. My
understanding or what I would expect is
that, there's going to be mutual
understandings between both of you --

CI: Mm-hmm.

Coronado: -- going into this, how much it is. I

think you guys should talk privately. You know. And you guys discuss that on your own. Um, I don't want to know about it. Don't know, want to know anything, what you guys discuss.

PERALES: And do you know why?

CI: Haha.

PERALES: 'Cause he, he's my prosecutor.

Coronado: Right. No, and, and that's the thing.

CI: Yeah, I'm sure -- <O/V>

Coronado: I don't want to know, what you guys decide, I mean, you exchange phone numbers.

CI: Well, here's the thing. Um, OK. So you would say probably it will be, what's Conde's first name?

PERALES: Osvaldo.

Garcia: <unint>.

Coronado: Osvaldo.

CI: And Perez you said, or --

PERALES: No, um -- Silva.

CI: Silva will be another one. And what was the third one [City Council member who will vote to award the CI a marijuana dispensary]?

PERALES: Uh, either [Juan] Romo or [Frank] Gurule.

CI: Which one of those two will be -- <0/v>

PERALES: Um, either or because -- <0/v>

CI: Either or?

PERALES: -- they're, they follow me.

CI: Oh, OK.

PERALES: But, I, I wouldn't bring it to, uh, Romo's attention cause he's too religious.

CI: Yes. OK. That's a good point. Good point.

Coronado: I think what has to be done, I mean, and I'm not going to be the one that's going to decide this.

CI: But who's going to bring this to them? That's the thing.

PERALES: No one.

CI: No one? OK. No, no, but I say -- <0/v>

PERALES: He'll follow-up.

CI: Oh, just follow-up I see.

Coronado: I think what you gotta remember that this is one of those things where it's going to be a tax base issue. It's going to be that the city needs the income and there's needs within the community. Legitimate needs. The people that have ailments, and that's obviously something that they will address.

And I think that's where it's going to be addressed. There's going to be a lot of opposition because it is one of those communities that's, you know, highly religious.

CI: I don't know if they really, uh, will oppose to -- <0/v>

Coronado: Well I think that's why, that's why -- <0/v>

CI: It would be a little surprised if they do - - <0/v>

Coronado: Well, you may get some opposition, but I can tell you this much. Like Angel said, if it's regulated and -- it's limited, then you're going to be fine. So, I think Angel's going to be the one that's gonna be point person on this. I think you guys should have subsequent meetings after this. I mean we're talking about nine months. We're almost at the nine-month position head now. So, I think you guys got to talk about it. Strategize and s-, and really talk about, not only the logistics of how it's going to run, but the reality of what's gonna be involved in the process. .

22. Later during the same conversation, PERALES, Coronado, and the CI discussed the potential profitability of a marijuana dispensary in Cudahy.

CI: Oh, not only that, but there's no collective within the eight miles from there.

Coronado: I know.

CI: I mean there's nothing.

Coronado: They don't have any collective.

CI: There's no, Maywood doesn't have one, Bell doesn't have one. It's a gold mine.

PERALES: It's a gold mine. And, um, I'm going to be <unint> bad, the bad guys.

CI: Yeah.

PERALES: I'm going to be working the sheriffs.

CI: Right.

PERALES: Sheriff's gonna give me the reports, and I'm also going to be getting into.

23. Later during the same conversation, PERALES, Coronado, and the CI discussed CONDE's influence in Cudahy.

PERALES: He's the only one with balls in there.

CI: Um, he's the main, high-shine. Um, that's, that's what I figured.

PERALES: He's, he's the one that, he's been the, uh,

took George [Perez] down..

CI: Oh, he's the one that, Oh. Wow! By you saying that you mean he's the one that exposed everything?

PERALES: You know, uh, ugh!

CI: Come on! Open up on me! *Fuck!* I rather know all the stuff that he does than --

<o/v>

Coronado: I would say that he was the one that convinced the others that it was time to make a move.

<Garcia returns to the table.>

PERALES: I, I was the one that went to Conde.

CI: OK.

PERALES: You see, I had a good relationship and I told him this and that. I was making decisions for George, because he was so fucked up in the background -- <o/v>

CI: Uh-huh.

PERALES: -- even though I was the one who would stand up for him instead. His day was to get there and get fucked up. Get high for the last -- the next, uh, three hours. The only lunch from my hands and stay there.

CI: What was he using?

<Discussion of job performance and alleged
drug use by George Pérez omitted.>

PERALES: You know, you know who brought in, uh,
Conde, [Frank] Gurule, [Juan] Romo, and,
uh, [Josue] Barrios, right?

Garcia: The city manager.

PERALES: George [Perez] brought them in.

Garcia: Oh, see.

CI: Oh, that's right? <o/v>

PERALES: And you know why? Because he could
manipulate them.

Garcia: Yeah.

PERALES: Because he could manipulate them.

Garcia: Uh-huh.

CI: Uh --

PERALES: They, they were his puppets. Conde, you
know, you know him.

. . .

CI: So you would say that the most powerful man
in Cudahy is Conde?

PERALES: Uh-huh.

CI: <unint>. Yes or no?

PERALES: I would say, "Yes."

CI: Yeah. Well, that's what it sounds like to
me.

PERALES: I'm, I'm gonna tell you this -- <0/v>

CI: Uh-huh.

PERALES: And then from there we start talking about
your pot. . . .

24. Later, during the same conversation, PERALES, Coronado,
and the CI discussed the manipulation of the 2007 Cudahy City
Council election to permit CONDE to remain in office.

Coronado: OK. Now, again, we all deal with pol --
Politics is what it is. But you know what,
at the end of the day, we end up, we all,
but we gotta make it happen for each and
every one of us. However, if we work
together as a collector --

CI: Um-hum.

Coronado: We make a lot of things happen.

CI: Yeah. Yeah.

Coronado: And then, for example, I know what's gonna
in the next election. Conde may not stand
a chance. If it's not up to people like
Angel to help us.

CI: Um-hum. So Conde depends a lot on you
then?

Coronado: Oh my God! <0/v>

PERALES: He, he, he, won't admit it, but -- <0/v>

CI: Yeah, of course. Yeah. <0/v>

Coronado: OK. I've dealt with Conde on a personal basis. There's no way. <o/v>

CI: Yeah.

PERALES: If I wanted to, right now, by the end of the month he'll be out of there.

CI: *Just like that* <snaps fingers>. *Fuck!*

Wow! The way you say it, you probably know a lot dirty secrets on this guy. <Laughs>

Coronado: Yeah.

CI: Yeah.

PERALES: And besides the dirty secrets -- <o/v>

CI: Yeah. Wow!

PERALES: So -- <o/v>

Coronado: And even -- <o/v>

PERALES: But -- <o/v>

Coronado: Yeah. I mean, not just knowing the dirty secrets -- <o/v>

PERALES: Exactly.

Coronado: -- the fact that, you know, when you ran for election, dude, how much did he win at the last election? What was the differential? Thirty? <o/v>

PERALES: Twenty-five votes.

Coronado: Twenty-five votes. <o/v>

CI: Twenty-five votes?

Coronado: Dude, that's the difference -- <o/v>

CI: Wow!

Coronado: -- between making it and no power at all.
<o/v>

PERALES: And think, and you know who, who, who uh,
quote, unquote, um, I wanna say, I had a, I
wanna say about sixty people, seventy
people voting against him.

CI: Um-hum.

PERALES: And if I wouldn't have talked to them, they
would have placed their vote, and he
would've been gone.^[5]

Coronado: Yeah, I can vouch for Angel. If Angel's
[sic] makes a -- <o/v>

PERALES: He would, he would, he would've lost by a
hundred and twenty votes..

CI: Now, does, does he notice that? I mean --
<o/v>

PERALES: No.

CI: Does he at least -- <o/v>

Coronado: That's just it -- <o/v>

⁵ According to elections information website
www.smartvoter.org, CONDE finished third of five candidates in a
March 6, 2007, election for three of the five seats on the Cudahy
City Council. CONDE received 472 votes. The candidate who came
in fourth place received 439 votes. Accordingly, CONDE remained
in office by a margin of 33 votes.

CI: -- say, "Hey, look, I really appreciate that"?

PERALES: He, uh, he didn't know because, I, was working behind the scenes.

CI: Oh, yeah. Uh-hum. <o/v>

Coronado: But I told him, and I, and I, and I showed him proof [of having manipulated the result of the March 6, 2007, Cudahy City Council election].

CI: Oh.

Coronado: Yeah.

CI: That's all you needed.

Coronado: Well, the thing is that, politicians remember only as of the last five hours, four hours. Um, I think we've gotta strike him hard.

CI: Um-hum.

Coronado: And I think you gotta show what you can provide. You're good at articulating what the needs are especially in the community that you wanna service. And, I think that Angel has already expressed his interest in making it happen.

CI: I think that's what it means by, "Don't bite the hand that feeds you."

Coronado: Oh --

CI: I mean -- <o/v>

Coronado: Yeah.

CI: -- you do have to --

Coronado: I know, I mean, and --

CI: Yes.

Coronado: And like they've said -- <o/v>

PERALES: Yeah.

Coronado: -- I mean, we've talked this, about this before. At some point, yes, it'd be nice for all us jus-, all of us to congregate in a different location, in a different city altogether --

CI: Um --

Coronado: -- and have s-, you know, and, and enjoy the, you know, like the Romans did -- enjoy the, the spoils of, you know, victory.

25. Later, during the same conversation, PERALES, Coronado, and the CI discussed the profits the CI expected from a marijuana dispensary in Cudahy.

CI: I see. Well I, I estimate that by being in Cudahy, um, and now comparing, uh, with the sales from [name of the city where the CI's then-existing dispensary was located]. You're probably be looking at two and a

half million dollars.

Coronado: Two and a half?

CI: Um-hum. Probably, within a year.

PERALES: Yeah.

CI: That's the kind of cash that I see in Cudahy. That's why it's crucial to me, you know, if I can get all your help when it comes to that 'cause that's, that's the kind of money it will be, it will be. I know that I will make it.

26. Coronado left the Antigua Latin Bistro, and PERALES, Garcia, and the CI continued the conversation, including a discussion of a "massage parlor," then under construction, in which PERALES was an investor and which, in fact, offered illicit sexual services in the guise of therapeutic massage treatments.

CI: So, right now, you're like, you work for the Sheriffs kind of in a way? You're like the City's representative in the Sheriff's Department. Hmm. So of course they maintain you informed of anything. What about the massage parlors that, uh -- <o/v>

PERALES: Oh, I've been trying to look the other way.

CI: <Laughs>

Garcia: <Chuckles>

CI: Is that right?

PERALES: <Chuckles>

CI: I'm thinking like, "Son of a Bitch! They took off with my idea!" Yeah.

PERALES: It's under construction right now.

CI: You know that they've been advertising the shit out of it, the hell out of that.

PERALES: Yeah.

CI: *La Opinion* [Spanish language newspaper] has like uh, a big article. Well, not article, but, uh, an ad. So when I look at it I go, "Wow! Cudahy! Interesting." So then I did some research I said, "Wow! There are more in the city, one."

PERALES: Actually there are two.

CI: Oh, there are two now?

PERALES: And once we, and once we open, um, the third one, one of them is gonna leave.

CI: Oh, one of them is gonna leave?

PERALES: Yeah.

CI: Man! You're a bad ass!

Garcia: <Chuckles>

CI: Wow! How did you? I mean, that's a very, uh, wow! Yeah, they, I mean, it's a great business. I mean, think about it, there's uh, I don't think there's, there's no, no

other massage parlor in the ten mile
radius. I mean, just like the -- <o/v>

Garcia: There's <unint>

PERALES: Yeah, there's the one <unint> across the
street from your brother's -- <o/v>

Garcia: Yeah.

PERALES: -- but, uh, compared what they have and
what we're gonna have.

CI: Hmm. Wow! Now, I have to ask you this, I
mean, do you have some investment on it?
<Chuckles> Uh, is it -- <o/v>

PERALES: Tempted, I, I'm tempted to -- <o/v>

CI: -- is it open to other investors?

PERALES: Um, we have, uh, there's four of us. It's
my building.^[6]

CI: Oh, it's your building? Oh, fuck! OK, so,

⁶ On April 11, 2012, the CI met with CONDE at Mazatlan restaurant in Paramount, California. The meeting was audio recorded. The meeting was conducted in the Spanish language, and I have reviewed a recording of the meeting. During the meeting, CONDE described a "massage parlor" business he would be opening several partners, including PERALES. CONDE described the location of the "massage parlor" as on "Atlantic and, uh, between Cecilia [Street] and Santa Ana [Street]." CONDE stated that the "massage parlor" would have twelve rooms, including "one room with a jacuzzi." CONDE answered, "I imagine some fifteen," in response to the CI's question, "And how many girls do you plan to have there?" CONDE thereafter described and, using a pen and a place mat, diagramed the partnership and the physical layout of the "massage parlor." In response to the CI's inquiry whether there would "be sex from, from, from morning to evening," CONDE responded, "Yeah, yeah."

well, how many buildings you own?

PERALES: No, actually I'm leasing it.

CI: Oh, you're leasing it? Oh, OK.

PERALES: If I want I could uh, kick the other guy on the back out and that's where I'm thinking of, uh, putting you [the CI's marijuana dispensary] up there.

CI: OK, that's what I was, that was my next question, "Will you help me?" 'Cause you know is really difficult to find a lease for that. OK, then I'm, uh, I'm, I'm at your, uh, at your disposal. I mean --

27. Later, during the same conversation, PERALES and the CI discussed how PERALES came to be an investor in the "massage parlor," the profitability of that business, the profitability of the CI's contemplated marijuana dispensary in Cudahy, and PERALES' relationship with the Los Angeles Sheriff's Department ("LASD"). (According to the "About the City" section of www.cudahy.ca.us, Cudahy is policed by the LASD.)

PERALES: Yeah. He goes, "Angel, when you get up in your feet and you, and you build this place, then --" <O/V>

CI: Then we'll talk.

PERALES: But now I have the investor say, "What the hell? Just have him rent it to you for

free."

CI: Yeah.

PERALES: You know.

CI: Well, why did you get investors for, man?
You should have just done it on your own.

PERALES: No, no they, they found me.

CI: Oh, they found you? Oh, OK. I see. Wow!
Wow! That's a gold mine right there. How
do they select the girls?

PERALES: They personally, Mama-san has been in
business for --

CI: Oh, Mama-san?

PERALES: She used to have a place in -- <o/v>

CI: She's Vietnamese, right?

PERALES: No, Korean.

CI: Oh, she's Korean.

PERALES: She used to have a business in, uh, in San
Francisco. You know, it's ["massage
parlors" offering sexual services] legal,
that's legal over there [in Korea]. <o/v>

CI: Yeah, yeah.

PERALES: Did you know that? It's legal over there?

CI: The massage parlor? Yeah.

PERALES: Well, she had a business there and she came
over here.

CI: Yeah, because that's a cash business.

PERALES: Yeah.

CI: Wow! So, well, I can assure you that we will make more [through a marijuana dispensary in Cudahy].

PERALES: No, I, and you know what? That was my plan before we did the money turn-around.

CI: Right.

PERALES: To go uh, to go ahead and uh, and uh, and say, "<unint> let's go into business. I got the building, location, <unint>, and everything."

CI: Wow!

Garcia: <Chuckles>

PERALES: Yeah.

<Discussion of marijuana prices and profit margins omitted.>

CI: . . . And like I said, everything is about running well and if there's a problem, take care of the problem right away. Don't wait until it becomes too late. And, uh, and I tell you what, once I'm there, you won't hear uh, nothing. I mean, everything will run as, uh, you guys won't even know we're

there. Yeah.

PERALES: Right.

CI: And that's basically what every city wants,
you know. Um, now, do you think the
Sheriff's Department will be a problem?

PERALES: You know what? I'm getting in with the
[LASD Deputy's title] -- <o/v>

CI: Oh, OK.

PERALES: And uh -- <o/v>

CI: I was gonna say. Yeah.

PERALES: And I know who is crooked.

CI: OK. <Laughs> Really? OK. <Chuckles>
How can you tell?

<Discussion of alleged corrupt dealings
involving local towing businesses
omitted.>

PERALES: OK? Well, he just got transferred to
Cudahy, but I knew all about him before we,
he came in.

CI: What city was he in before?

PERALES: In [name of area within Los Angeles
County]..

CI: Oh, [name of area within Los Angeles
County]. OK. Oh, that's a big city right
there. Yeah.

PERALES: Yeah. So 'cause watch, I know his number,
and he knows I know his number.

CI: I see. <Chuckles> Now I feel more
relieved. Yeah.

PERALES: So I know what, Hey, no, *How the saying
goes? Money makes the monkey dance.*

CI: *Even the monkey dances. Right. In other
words, I would have to also give him his
cut? We'd have to give him a little, OK.
Uh, that's not a problem. Like I'm telling
you, two and a half million [dollars], OK,
boom, boom, boom! There it is! You know
what? I'll be happy with one third of
that. The key is to retire as early as
possible. . . .*

JANUARY 26, 2012, TELEPHONE CALL WITH PERALES

28. Very late in the evening of January 26, 2012, PERALES called the CI, in response to several calls from the CI. The conversation was audio recorded. I have reviewed a recording of the conversation. The portions of the conversation transcribed below were entirely in the English language. The bracketed language is my interpretation of the conversation.

29. During the conversation, PERALES and the CI discussed a meeting with CONDE and SILVA that PERALES had arranged for the next day.

CI: All right. 12:30. And, uh, eh, do you know by any chance the address of the place? Or, I mean, I could look it up, but I don't know if you know it by heart.

<Discussion of the location of the Dal Rae restaurant in Pico Rivera, California.>

CI: No, thank you. I really appreciate it for setting up the meeting and who am I gonna have the pleasure to meet?

PERALES: You will be meeting with David, David Silva.

CI: Uh-huh.

PERALES: And Osvaldo Conde. They call him "Conde."

CI: Conde? Oh, OK.

PERALES: Yeah.

CI: They're like the honchos over there at Cudahy, then. Hey, I like that though. Thank you, thank you, thanks for making that happening. OK -- <O/V>

PERALES: Yeah.

30. PERALES then discussed another person who, like the CI, wanted to open a marijuana dispensary in Cudahy, and who had attempted to bribe Cudahy city officials the previous week by giving each member of the City Council a laptop computer in exchange for being considered for permission to operate a

marijuana dispensary in Cudahy. PERALES informed the CI that CONDE and SILVA were interested in receiving bribes in the form of cash, not laptop computers. The CI then requested that PERALES inform him how much he should offer to pay CONDE and SILVA. PERALES advised the CI how he should broach the subject of paying bribes and offered to broker the transaction between the CI, on the one hand, and CONDE and SILVA, on the other.

PERALES: You know, um, just to give the heads up, uh, someone came in last week. I, I just found out on, on Tuesday.

CI: Uh-huh.

PERALES: Um, this person came in, uh, 'cause on Fridays I got meetings all day, and I wasn't at City Hall.

CI: Right.

PERALES: Um, this other guy came in on, on, on, uh, on Friday and this guy met with uh -- with Osvie [CONDE], David [SILVA], and the City Manager [Hector Rodriguez]. Well, this guy came in with uh, uh, trying to, uh, uh, trying to, uh, uh, buy all of the, the whole city council with five laptops.

CI: Oh! No shit!? <Laughs>

PERALES: Yeah.

CI: <Laughs> Oh my goodness!

PERALES: But these guys don't want shit like that.
All they want is fuckin' cash. Especially
the ones [Cudahy City Councilmembers] that
are not working.

CI: Exactly.

PERALES: Those are the ones that, uh, the ones that,
uh, we're meeting tomorrow.

CI: OK. Well, uh -- <0/v>

PERALES: And, uh -- <0/v>

CI: You know, you know it will happen with me.
I mean, all I need is just to settle a
number, and, uh, and, uh, I mean, uh, do
you think they'll, they'll bring that up
tomorrow? Or what do you think?

PERALES: Uh, you know, you can, this is the way you
play them, OK, the way you play them is
like, like, "I'm gonna give to, uh, donate,
donate for a campaign, donate to the
personal matters, and if, if you assure me,
you know, or if you see what I bring to the
table, hey, you know, I'm always going to
be there."

CI: OK.

PERALES: Now --

CI: OK. But uh -- <0/v>

PERALES: -- there's, there's a lot of people trying, trying to go into, with anything that works.

CI: Yes, yes, of course, the sooner that, the closer it gets to that date [expiration of the moratorium on marijuana dispensaries], uh, the more people will try to persuade the City Council. That's for sure. Yeah.

PERALES: Uh-huh.

CI: Now, um, well, I'm sure that also you have taken the time to kind of tell them a little bit about me too, right?

PERALES: Yeah, because they won't, they won't meet with anybody.

CI: Yes.

PERALES: If they don't know them, they fuckin', they go, they asked me, "Do you know this guy?" I go, "Oh, yeah! I know him for quite a few, a few years." You know?

CI: Um-hmm. OK.

PERALES: "For sure," I go. "You know, he'll tell you what it is, and if you guys, you know, if you guys don't tell him what you guys want. Fuck it!, by all means, if you want to go through me, by all means."

CI: Exactly.

PERALES: "Now, you know, if you guys don't want to get involved, just say a number, and I'll talk to him and, and we'll make things happen."

31. Later during the same conversation, PERALES informed the CI that CONDE and SILVA, in their positions as Cudahy city officials, were accustomed to receiving bribes.

CI: But, uh, based on your experience with them, Angel, I mean, it's, just let's say if I say that, um, uh, how much do you think I should start with them? I mean, what, what's your, how much do you think they will ask me at first?

PERALES: They, they, they'll, I mean, these guys are not your typical, uh, council people. They, they fuckin', uh, they fuckin', uh, they've dealt with, uh, you know, people that throw money down.

32. Later during the same conversation, PERALES informed the CI that he should expect to make multiple bribe payments to CONDE and SILVA, and that CONDE and SILVA were not interested in receiving only campaign contributions from the CI. PERALES also instructed the CI that the CI's monetary payments to CONDE and SILVA should be in the form of cash, and not checks.

PERALES: You know, and once you get your thing and you give them their last chunk, they leave you alone. Then go back, as long as you go back every, every Christmas and every fuckin' campaign -- <0/v>

CI: Campaign, yeah.

PERALES: Yeah. You know? Or, they don't want you to give to the, they don't want you contribute to the campaign and ain't get jack. 'Cause then they're fucked they can't get anything there.

CI: I see.

PERALES: You know what I mean?

CI: So -- <0/v>

PERALES: Because they have to report everything that they -- they get on checks.

CI: Oh, that's right, that's right, that's true.

PERALES: Right.

CI: So in other words, everything cash then.

PERALES: Right.

33. Later during the same conversation, PERALES advised the CI not to inform CONDE and SILVA how profitable the CI expected his marijuana dispensary to be, and that the CI could initiate a discussion of bribe payments by first mentioning to CONDE and